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ABSTRACT

Proceedings of the inaugural ceremonies of the University of San Diego's Graduate School of International Relations and Pacific Studies are presented. These include the inaugural introduction by David Pierpont Gardner, opening remarks by Frank Stanton, the keynote address by California Governor George Deukmejian, further remarks by David Pierpont Gardner, commentaries by Lawrence B. Krause and Harold J. Meyerman, and a postscript by Peter Gourevitch. The comments made in the various addresses and commentaries focus on the role of the professional school and the intellectual community in the advancement of international relations, particularly regarding the Pacific Region. Some remarks more specifically address California's role in and contributions to competition and cooperation in this region, outlining current educational programs, new initiatives. and program needs. One commentary looks at Taiwanese and Korean economic development, and another focuses on international trade between California and Pacific Basin countries. All emphasize the need for more thorough understanding, through education, of the needs and situations of the countries in the Pacific Region. (MSE)

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CORPORATE COUNCIL ON THE LIBERAL ARTS

In affiliation with the
Center for Advanced Study in Education
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of The City University of New York

WORKING PAPER /5

This paper is one in a series of policy statements on the relationship between liberal education and careers in business.

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CORPORATE COUNCIL ON THE LIBERAL ARTS, established in 1984, with support from CBS Inc. has as a primary goal a heightened understanding of the relationship between liberal arts education and effective management and leadership in the corporate world. A carefully planned program of research, workshops, conferences, and publications constitutes the work of the Council. The Corporate Council is affiliated with the Center for Advanced Study in Education of the Graduate Center of the City University of New York.

COMPETITION AND COOPERATION IN THE PACIFIC:

THE CHALLENGE FOR EDUCATION

Proceedings from the Inaugural Ceremonies of the Graduate School of International Relations and Pacific Studies at the University of California, San Diego

San Diego, California
March 10, 1988

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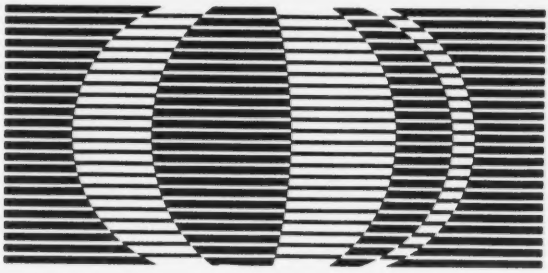

Inaugural Introduction

David Pierpont Gardner, President
University of California

"The beginnings and endings of all human undertakings are untidy," the novelist John Galsworthy tells us, "the building of a house, the writing of a novel, the demolition of a bridge, and, eminently, the finish of a voyage." Today UC San Diego and the Graduate School of International Relations and Pacific Studies are not finishing a voyage but setting out on one; and whatever else one might say about this beginning, it is optimistic, exciting, and rich in promise.

Thirty years ago this nation was riding the crest of a wave of interest in international education sparked by the launching of Sputnik. That wave, of course, ebbed in the aftermath of national disillusionment with Vietnam.

Today, however, things are different. There is a new interest in other countries, languages, and cultures. There is a stronger realization of how potentially dangerous are the consequences of a perspective that is parochial rather than global. There is a deeper understanding of the need to bridge the distances between people of different races and religions and colors. Above all, it seems to me, there is a more compelling sense that the technological revolution in communications and travel has brought us all closer together and that it is changing our world not temporarily or at the margin but permanently and at the core. In such a world universities have a matchless opportunity to transmute what might otherwise be a passing interest into something more permanent and enduring.

The Graduate School of International Relations and Pacific Studies is an investment in our future ability to adapt to the winds of change that are blowing across the world's landscape. The task of this newest of our professional schools, with the help of this intellectual community, its neighbors, and the people of California, is to educate men and

women whose vision and skill are equal to the great challenges and opportunities the Pacific Century offers.

I imagine that few professional schools have begun their institutional life with such an abundance of talent and enthusiasm. The School's 14 faculty are drawn from the most distinguished universities in America, and their skills will be supplemented by those of the excellent faculty on this campus who are associated with the School. Over half of the 35 students in the School's first class are from California; the rest are from around the country and from several foreign nations. Most have lived or worked abroad, and most already have some language skills. Their professional interests, I am told, are divided roughly among Japan, China, and Latin America. One indication of the enthusiasm the School is already generating is its application rate for next year--nearly 400 applications for 60 places!

I am delighted to congratulate Chancellor Atkinson, Dean Gourevitch, and their colleagues for a splendid job done in record time. The only thing the Graduate School of International Relations and Pacific Studies lacks is a ceremonial celebration of its birth, and we are here today to bridge that gap.

It is a great privilege to bring the congratulations, best wishes, and warm greetings of the University of California community to this auspicious event.

Opening Remarks

Frank Stanton, Chairman
Corporate Council on the Liberal Arts
President Emeritus, CBS Inc.

On behalf of the Corporate Council on the Liberal Arts, I am delighted to participate in today's ceremonies surrounding the opening of the Graduate School of International Relations and Pacific Studies at this distinguished university. Your innovative program is, in a tangible way, a reflection of how California and the United States have evolved commercially and strategically in an international context.

This new institution represents a commitment which this state regards as critical: the education of men and women to an understanding of the cultural and economic realities of the Pacific.

As a country with a relatively brief history, the United States has provided opportunities typically foreclosed in other more entrenched and socially rigid societies. Author and journalist James Fallows comments in a recent *US News* essay entitled "A Talent for Disorder," "No other society in the twentieth century has managed disorder as well as the United States; none of our competitors needs to keep promoting disorder, by endlessly rotating establishments, as much as we do." That, according to Fallows, is the meaning of immigration, of the frontier, of leaving the farm for the big city, and of going to college to make a new start. To this list I would add a comprehensive understanding of the values, mores, and economic determinism of the Pacific region.

It is this observation regarding the role and content of an education--both in terms of appreciating the tensions which exist in our culture and in understanding the global village in which we must now effectively compete--which I would like to note briefly today.

Note: These remarks were delivered on behalf of Dr. Stanton by Andrew I. Wolf, Executive Director of the Corporate Council on the Liberal Arts.

Critics of higher education, like Alan Bloom, author of *The Closing of the American Mind*, are crusading for educational reform which, I believe, understates and minimizes the role of the university as we approach the twenty-first century. The book's subtitle is *How Higher Education Has Failed Democracy and Impoverished the Souls of Today's Students*. In a tone of rhetorical virtuosity Bloom views today's student population as "unified only in their relativism and their allegiance to equality."

While I personally welcome the attempt to rid our colleges of bureaucratic controls and applaud those seeking to reaffirm a commitment to content education, I find that Bloom and other curriculum reformers hold a eurocentric focus that is not what America is about. Certainly not what higher education should be limited to.

Ours is a nation with complex expectations regarding education. With 12 million students enrolled in more than 3,000 colleges, higher education in America has become the envy of the world.

The UCSD Pacific Studies Program is one example of the innovation which makes our system of higher education dynamic in scope and imagination. To be sure, there is waste, duplication, rigidness, and an absence of consensus by members of the academy and government policy makers. The challenge, however, before this distinguished audience is clear: a highly complex, sophisticated, and technically-oriented world order requires what Harvard President Derek Bok has suggested be a reaffirmation of the partnership which institutions of higher education must have with the federal government and the private sector.

Yet there are problems--problems with specific implications for higher education, our relative status and position in the world economic order, and productivity issues here at home--which a truly great, humanistic, and abundant nation such as ours should be able to redress and rectify. Consider the following examples of how faltering and pronounced certain patterns of education have become:

- Today more than 23 million adults in the United States have basic skills at the fourth-grade level. Illiteracy costs the United States about $225 billion annually in lost industrial productivity, unrealized tax revenues, welfare and unemployment payments, and the cost of crime and prisons.
- The secondary school dropout rate in New York City will soon approach 50 percent.
- Chester Finn and Diane Ravitch have just completed a study for the National Endowment for the Humanities which surveyed a national sample of 17-year-olds on questions probing their historical and literary knowledge. More than two-thirds of the secondary

students surveyed could not identify the Reformation or the Magna Carta. By vast majorities students demonstrated unfamiliarity with writers whose works are regarded as classics: Dante, Chaucer, Austen, Whitman, Hawthorne, Melville, and Cather.

- Finally, consider the fact that 28 percent of college freshmen now require remedial assistance in mathematics and language simply to prepare them for the challenge of college level study.

One response to the national debate on the qualitative aspects of higher education is the formation in 1985 of the Corporate Council on the Liberal Arts. The Council was established to develop a comprehensive understanding of, and appreciation for, the relationship between liberal arts education and effective management and leadership in the corporate world. The Council is affiliated with the Center for Advanced Study in Education of the Graduate Center at the City University of New York.

The Bureau of Labor Statistics predicts that in the coming decade the availability of educated workers will exceed demand by an average of about 300,000 annually. Peter Drucker advises that due to shortages of work in the knowledge industry suitable to their education, finding jobs for college graduates will be the "central employment problem in the United States in the next twenty years."

As the tools for an information society become obsolete, America will have the added burden of retraining its work force to cope with these changes. The Council holds steadfast to the belief that a quality liberal education is essential to keep pace with these accelerating changes.

I commend the philosophical and financial commitment of Governor Deukmejian and the California legislature to developing innovative programs which will strengthen the role of this state in meeting the future challenges associated with the Pacific Basin. This is an opportune moment in the history of higher education to reaffirm our dedication to a broadly defined and accessible quality education. The allure of careers in the legal, finance, and corporate communities must be counterbalanced with a renewed commitment to teaching, research, and the human service sector if our nation and economy are to remain competitive and vital.

Ours is a nation which does not need to resort to isolationism or xenophobia to compete effectively in the world arena. Ours is a nation which has produced the most advanced, sophisticated, and significant technology; biomedical breakthroughs, artistic and intellectual achievements, and educational opportunities known to the world. As John Gardner writes in his *Leadership Series*:

> It is essential to broaden and deepen the understanding of those individuals who will have in their hands the future of our communities and our society. That means covering the whole range of the liberal arts, from science to literature, from mathematics to history. By absorbing--through religion, literature, psychology, sociology, drama and the like--the hopes, fears, aspirations and dilemmas of their people and of the species, by coming to understand what our ancestors valued and fought for, by coming to know through history and biography the extraordinary outlines of the human story, they may hope to discharge their leadership duties with wisdom.

The challenge is clearly reinforced by the opening of the Graduate School of International Relations and Pacific Studies. The creation of this program will instill within the students, faculty, and entire university community an understanding of the competing and too often conflicting paradigms which govern human and commercial behavior.

On behalf of the Corporate Council, I look forward to sharing this creative enterprise with you.

Keynote Address

Governor George Deukmejian
State of California

I am very pleased to be here today. I have watched the development of this school with interest and excitement.

California opened its doors to pioneers from the Pacific Rim more than 100 years ago. With the discovery of gold people came from Australia, China, South America, and the Pacific Islands to make their homes and claim new opportunities. Long after the mines closed California's wealth remained--not only in its forests, farmland, railroads, and harbors, but in its commerce and cultural diversity as well.

Our economy is now the world's sixth largest, and California's pioneers are looking across the mighty Pacific Ocean toward a region that holds half of the world's population, together with an abundance of capital, energy, and mineral resources.

The remarkable economic progress in the Pacific Rim is overshadowed only by the promise of new and greater prosperity in the years ahead. Its dramatic leap into the twentieth century, which has produced sensational breakthroughs in manufacturing and modern technology, has been propelled by the exchange of goods and services, ideas, and investment. The Pacific Rim now generates nearly one quarter of world trade, and companies throughout the region are crossing national boundaries to forge cooperative ventures aimed at developing new technologies and satisfying the demands of foreign consumers.

Italian typewriters are built in Indonesia for sale in the United States. American fashion designers sew their sports clothes in Malaysia. Even the 1987 Pontiac LeMans was designed in Germany and built with Japanese parts in Korea. So you can see that the term "independent global economy" is more than just a snappy little cliche whipped up by the world's high-powered financial consultants. Every day in every way trade and investment affect each of us--from the food we eat and the

clothes we wear to the cars we drive.

Two hundred years ago America pledged to avoid foreign entanglements. Since then, however, and particularly following World War II, we have encountered growing economic competition from nations in all corners of the globe. Lately, I am afraid that some of our leaders have begun to blame other countries--their trade policies and business practices--for problems that took root in our own back yard. It is time once again to seize our destiny and regain preeminence through hard work and an unyielding commitment to quality.

America's quest for excellence begins in the classroom. Quality education provides the basis for technological advance, for improvements in communication and transportation, for better productivity, for continued innovation, and for better standards of living. Our task is to equip each student with the skills needed to meet the growing demands of a fast-changing and fiercely competitive world economy. Several decades ago a worker in California may have had to compete with a wage earner as far away as South Carolina or South Dakota. Today the competition is coming from South Korea and South America as well.

Unfortunately, many of our students have an insufficient knowledge of foreign languages and cultures, world geography, and international commerce. Just 15 percent of American high school students ever try to learn a foreign language. By contrast, all Japanese high school students have to study at least six years of the English language before graduating. One-fifth of our high school seniors cannot locate China on a world map. And most California students graduate from high school with less than three weeks of study of nations in the Pacific Basin.

Our failure to communicate with and understand people across national boundaries is one reason that U.S. industries, world leaders in research and development, have been less effective in manufacturing and marketing. Americans are only now beginning to recognize that the best jobs, the largest markets, and the greatest profits belong to those who understand the country in which they are doing business. In this day and age "international literacy" is a skill as basic as reading, writing, and arithmetic.

Throughout the world people and products, ideas and investment are moving across national boundaries with breathtaking speed. To succeed in this exciting new era, we need men and women who are trained in research, product development, management, and organization. Their skills must be combined with a fundamental knowledge of geography, international affairs, and foreign languages--disciplines that contribute to a greater understanding of the world around us.

Today we are entering what might be described as an era of life-time learning. The birth of this great institution reaffirms the vision and vitality of California's world-renowned university system. It is my hope that the Graduate School of International Relations and Pacific Studies will help prepare young people for rewarding careers by cultivating a better understanding of global affairs.

By training students in the fields of business management, finance, public policy, and international relations, this institution can help ensure that California steps confidently into a new and challenging era in a world of ever widening possibilities.

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Remarks

David Pierpont Gardner, President
University of California

The subject of cooperation and competition in the Pacific Rim is an extensive one, even if it speaks only of education, and I can only hope to touch on some of the issues that I believe to be important. I wish to discuss where we are and where we need to be in terms of the educational challenges presented to California by the Pacific Rim. In doing so, I will concentrate primarily but not exclusively on the institution I know best, the University of California.

In one sense the Pacific Rim--that vast stretch of nation-states bordering the eastern and western rim of the Pacific--has always had a claim on the attention and the imagination of Californians. The founders of the University of California, for example, took their inspiration--and the name that came to identify the University's first campus--from the eighteenth century bishop and philosopher George Berkeley, who wrote the now famous line, "Westward the course of empire takes its way." The founders of the University consciously saw their fledgling institution as the western outpost of a civilization poised to forge new links with the great cultures that lay west of California across the vast expanse of the Pacific Ocean.

Daniel Coit Gilman, the University's second president, explicitly mentions the importance of the Pacific nations in his 1872 inaugural address: "A new epoch in history seems opening before us.... Modern civilization has bordered the Atlantic. Now, face to face, with the great Pacific Ocean intervening, are the oldest and the youngest forms of human society. We cannot be too quick to prepare for the possible future which may open upon us." And the founders of the University made a tangible investment in that future. The first endowed chair at Berkeley, established in 1872, was in Oriental Languages and Literature.

Just how prophetic these early intuitions turned out to be is re-

flected in the reasons we are here today. Economically, the Pacific Rim is a major market for California: according to the California State Department of Commerce, in 1985 this state did more than $65 billion worth of business with Pacific Rim nations and accounts for more than one-third of American trade with Japan. Some 85 percent of our imports come from the Pacific Rim, and 78 percent of California's exports go there. As consumers Pacific Rim countries offer a $3 trillion market, growing at the rate of $3 billion a week.

Politically and strategically the Pacific Rim is home to nearly half of the world's population, and thus an area of growing significance in world affairs. Scientifically and culturally the Pacific Rim is also a center of expanding importance to the United States. And in terms of immigration 30 percent of current immigrants to the United States come to California, most of them from Pacific Rim countries. This state also has the largest and fastest growing Asian-American population in the country.

So we know that California's future lies with the Pacific Rim. And we know that as a state we have much to do in order to educate ourselves about that vast area of the world. What will California need from education in the years ahead, as we plan for both cooperation and competition as they are played out in the Pacific Rim?

First of all, clearly California will need a well-educated and well-trained workforce. One of the most dramatic developments of the past few decades has been the internationalization of the world economy. This means, among other things, that American business finds itself competing in a truly global marketplace--70 percent of American products now compete in international markets, and we can expect that percentage to grow.

A parallel development is the fact that the economy of the future, from all we can tell, will demand higher levels of education and skill in the United States than is currently the case. The Department of Labor recently issued a study that projects, and I quote, "Between now and the year 2000, for the first time in history, a majority of all new jobs will require postsecondary education."

I am a bit skeptical about that figure, but I am certainly in general agreement with the proposition that the economy of the future will require more education and training, not less. And that presents us with a very large challenge indeed, given that so many employers report that the skills and educational preparation of entering employees are not rising but declining. According to the *Wall Street Journal*, one of every three major U.S. corporations now provides some form of basic skills training for its employees. The fact that so much effort is expended by

business in giving its employees *basic* skills means that somehow such skills are not being imparted in the schools. And although this country is in the midst of a vigorous movement to reform its schools, it is clear that further improvement remains an urgent domestic priority.

Second, California will need the trained professionals and other key personnel who can function in an international context. We are *not* producing sufficient numbers of professionals in government, business, and education to meet California's needs. In a survey of America's strengths and weaknesses in the area of international affairs, Richard Lambert points out that:

> Perhaps the most ominous of the gaps in our long-range strategy for international business is our failure to focus very much of the training of international business specialists on the conduct of business with a particular country or part of the world.... Training in general internationalist business skills relating to all foreign countries is just not enough.

Lambert was speaking of the country generally, but his observation is applicable to California as well.

Third, California will need a citizenry that understands the international dimensions that are becoming such a potent force in the lives of all of us. It is not necessary for every Californian to become fluent in one or more of the languages spoken in the nations bordering the Pacific Rim or to become steeped in Pacific trade figures. But it is essential for the people of this state to understand that the more conventional attitudes of the past will fall short of meeting the requirements of the future. It is usual to dwell on the problems we will encounter in the global marketplace, as in fact I have done, and those are significant. But just as significant are the problems we will encounter here at home given that our population is becoming daily more diverse, and most of these newcomers are from Pacific Rim countries. Thus, there are important social and political reasons for California to adopt a global rather than a parochial perspective.

Let me now turn to what the University of California is doing about these questions.

First, we are scrutinizing the education we offer our undergraduate students, including the international dimension of that education. Three years ago I asked a task force of UC faculty, students, and administrators to examine lower division education at the University--the first two years of college, before students select a field of concentration--and to make recommendations about how we can improve general education at the University. One of the overriding emphases of the task force's re-

port was the supreme importance of educating students for a world in which the process of internationalization is developing with breathtaking speed. In the words of the report:

> Most political thinking and most of the relevant academic disciplines have rested on the assumption that the basic unit of social life is the discrete nation, society, or culture. The fact is, however, that the twin phenomena of internationalization and interdependency are rendering this fundamental premise questionable and demand novel ways of thinking, analyzing, and understanding.

The report recommends more interdisciplinary courses with a multicultural or global dimension, and more language instruction in areas where our offerings are less developed than one would wish--various Asian languages, for instance. An excellent example of the kind of experience envisioned by the task force report is Fifth College here at UCSD, which is on the Regents' agenda for approval next week and which hopes to welcome its first students next fall. Fifth College will have an international focus, encouraging students to think historically across both disciplines and cultures. An important goal of the College will be to have all students gain at least a familiarity with a foreign language or literature. Virtually all of our eight general campuses, I should add, are responding to the recommendations of the report for a more international cast to the undergraduate curriculum.

We are dramatically expanding our Education Abroad Program, a university-wide program administered at UC Santa Barbara, which permits UC students to spend their junior year at a foreign university. UC has a variety of arrangements under which students, both undergraduate and graduate, can enroll for varying lengths of time in foreign universities. Education Abroad is our largest single program for undergraduate foreign study. In 1982-83 UC students could choose to study in one of 46 institutions around the world; this year they could select from among 70, and next year they will be able to choose from among 82.

Much of the expansion has been in Pacific Rim countries--Australia, China, Japan, South Korea, New Zealand, and others--but some has been in other areas as well. In 1986-87 a study center at Karl Marx University of Economics in Budapest was established, and just recently we concluded an historic agreement with Leningrad State University, the first such agreement ever struck between an American university and a Soviet university without the involvement of either government, and only the second of such scope between universities in the Soviet

Union and the United States. Nearly 1,200 UC students are participating in Education Abroad programs this year--significantly more than were participating even five years ago--and we would like to see even more students take advantage of the opportunity to learn firsthand about other languages, other people, other countries, other cultures.

Second, we are trying to bring the scholarly resources of the University to bear on questions of importance to California as a Pacific Rim state. The Pacific Rim Research Program, inaugurated in 1986-87, is a major new activity. Faculty on all nine of our campuses work with colleagues at other California universities and at foreign institutions around the Pacific Rim on issues of interest to California--trade, finance, economic development, public policy, cross-cultural communication, and changing technology relevant to the Pacific Rim.

A team of UC Berkeley researchers, for example, is conducting a comparative study of how the United States and Japan promote economic growth and which public and business policies foster or discourage technological innovation. I understand that Professor Krause is also heading up an investigation under this program that will look at the implications, for the United States, of Japan's possible rise to global economic leadership.

Third, we have established the Graduate School of International Relations and Pacific Studies--our reason for being here today. As everyone here knows, the School admitted its first students last fall. It is the University's first new professional school in 20 years and the first of its kind in the country to look mostly westward and southward to the nations of the Pacific instead of mostly eastward to Europe. There is a large and expanding need in California and the nation for professionals in business, government, and education who have training in the politics, culture, sociology, economics, religions, and languages of the Pacific peoples. We need to begin preparing them now, not next year.

But it is clear that more needs to be done.

First, we need to give more students the unique experience that can only be gained by living, studying, and working in a foreign culture. We need to expand the number of international faculty exchanges between colleges and universities worldwide, not only in the established and familiar countries of Europe but also in the growing and less familiar countries of the developing world. And for all of our students--those who study abroad and those who do not--we need to continue working towards incorporating more of an international dimension into the undergraduate curriculum.

Second, we need to devote major attention to the topic of foreign

languages. There is no better way to enter into the heart of another country or another culture than through its language: "We infer the spirit of the nation in great measure from the language," said Emerson, and he was profoundly accurate. Yet the United States is the only advanced industrial nation in the world that does not routinely expect its children to learn a foreign language. We do very little in the way of introducing students in grammar school to a foreign language, even though experience tells us that foreign language acquisition should begin at the outset of schooling, not in the more advanced grades. Spanish is the only Pacific Rim language in which any significant amount of instruction takes place. And even in that case most of what is offered begins in junior high school.

At the university, in fact, we have found that students who enter UC from high school, having fulfilled or exceeded our foreign language requirement, typically do not have sufficient preparation to progress to higher levels of study. Since many of our campuses are instituting more foreign language requirements for students working toward their baccalaureate degree, and since foreign language training is becoming more prominent at the graduate level as well, the lack of a strong language base among our entering students is a real cause for concern. Part of the problem is attitudinal and part is a shortage of foreign language teachers.

UC is beginning to work with the schools and other public higher education segments--the California State University and the Community Colleges--to improve the teaching of foreign languages in the schools. But at bottom it will take a conscious decision by the citizens of California that these subjects matter and should be taught in the schools.

Third, California faces a great challenge in dealing creatively and constructively with the demographic changes under way in this state. By the turn of the century or a little after, California is expected to become the first mainland state with a population consisting predominantly of members of minority groups. A principal engine driving these changes is the wave of immigration I mentioned earlier, immigration that is coming especially from such Pacific Rim areas as Mexico, Central and South America, and Asia. It is estimated that one out of every six of California's kindergarten-through-twelfth-grade students was born outside of the United States. The presence of so many persons who once lived in Pacific Rim nations is a great asset to California; they can make us more economically competitive in the Pacific Rim because of their knowledge and experience, and they are also potential bridges that could help us in our efforts to improve our relations with other countries.

What will California do with this talent that is pouring into the state? Will our state cultivate it and, thereby, use these human resources to help sustain California as one of the most prosperous and attractive states in the nation? Or will we try to shut it out or take little or no account of these forces, thus diminishing our prospects as a people and a state?

The answer--at least my answer--is that we must begin educating our young people--*all* of our young people but especially these newcomers--with a greater level of commitment and dedication than we have tended to display in recent years. And in the course of doing so we need to give students the global perspective, the respect for different cultures and attitudes that are indispensable in a diverse and pluralistic society like California's.

Fourth and finally, we need to do more to let the interested and the motivated know about the vast resources in international affairs that are available through California's colleges and universities. Scattered among the University of California's campuses, for example, are international area studies centers, language departments, and libraries that together comprise one of the great intellectual treasure houses of the world. The world's most exotic languages can be studied and learned here, and it is possible to research in our libraries virtually every area and region of the globe, to discover, for example, the gross national product of Tanzania or the social structures of the Amazonian Indians. Besides the wealth of information on other countries and other cultures, these language and area studies centers are indispensable sources of expertise, not only for academics worldwide but also for business and government. We need to do more to connect this unique resource, at UC and elsewhere, with those who could benefit from it.

All of which suggests a final and broader point: education in California at all levels is beginning to mobilize to address the challenges of the Pacific Century. There is a growing public sense that things are changing, and that we need to ready ourselves for change. We have remarkable human and intellectual resources available in this state. Right now we have an unusual, perhaps a unique, opportunity to reorient the perspectives and education we give to the next generation.

It is interesting to me that those in business are among those most conscious of the need for such an orientation--perhaps because they encounter the new international reality not in some abstract fashion but in the concrete experience of their daily working lives. We need to help all the citizens of this state to realize that we are entering not just a new century but a new world, and UCSD's Graduate School of International Relations and Pacific Studies is an evident and timely expansion of the

University of California's role in this exciting adventure.

Commentary

Professor Lawrence B. Krause
Graduate School of International
Relations and Pacific Studies
University of California, San Diego

It is a distinct honor for me to share this platform on this historic occasion. The Graduate School of International Relations and Pacific Studies has presented me with the greatest and most exciting challenge of my life. It has given me the opportunity to help build a new institution whose goals I passionately believe in, as well as the opportunity to witness the conversion of my wife Sallye into a memorable Californian.

My research interest for the last 20 years has been the economy of the Pacific Basin. It is the economic growth of the countries in the region that has been most notable and ushered in what many believe will be a new Pacific Age. Some of you have heard me speak about the lessons of Japanese development, so I will not concentrate on Japan but will examine two other countries, namely, Taiwan and South Korea, and the role that education has played in their development.

Both countries lack natural resources. Both emerged from World II with immense poverty and populations that were only about 30 percent literate. And both evolved a strategy of human resource-based development because they had no other choice. They both began the implementation of this strategy by stressing basic literacy, but at that point they diverged.

In the 1950s Taiwan introduced a concept of detailed planning for their economic future. They recognized that the variable that had the longest lead time was manpower training; and, therefore, they established a 15-year horizon upon which manpower planning was to be done. They knew that for immediate needs--that is, for labor intensive manufacturing and modern agriculture--basic literacy alone was needed.

For the next stage of development, however, they recognized that greater human skill was essential. Thus, they went about forecasting what products they would be producing 15 years hence, what technologies would be employed to produce those products in the future, and what skills would be needed to implement those technologies. They then designed a manpower training plan to create those skills.

As they reasoned, to get beyond the stage of labor intensive man-

ufacturing, which only requires cheap wages, they needed an abundance of highly skilled technicians. In other words, Taiwan would seek its comparative advantage based on the cheap engineer. To implement this plan they encouraged all students graduating from primary school to enter middle school. For the next step in education--after middle school--they tracked their students into either academic high school or into technical school, trying to get the best performance in each case. They also planned higher education, determining the number of slots for each discipline based on the forecast of skill needs.

What has been the result? Taiwan has progressed well beyond simple manufacturing and competes very effectively in moderate technology industries--and they have good prospects in high technology. And Taiwan has had one of the highest rates of economic growth in the entire world.

How successful have been their plans for manpower training based on their 15-year forecasts? When they reviewed their experience they found several surprises:

- First, their ability to forecast the output mix of the country 15 years in advance was not very good.
- Second, their ability to forecast the technologies that would be used was even worse. Thus, their estimates of relative skill requirements were terrible.
- Third, they discovered that people were not using the skills they were trained for in their occupations.

Should this effort be considered a failure then? Not at all! What they discovered was that training itself mattered. That the more training the workers got, the better they performed--even at different jobs. Thus, they concluded that they did not need perfect foresight; that if they provided good training, with reasonable technical content, and with some breadth, that was enough for success. In other words, education itself was the basis for economic growth.

Let me now turn to Korea. Korea is a rather harsh land for agriculture, but agriculture was the sole occupation of almost every Korean. To implement a strategy of human resource development, they decided to concentrate on primary education. The goal was to reach 100 percent literacy--including adults. However, education beyond the primary grades was made more selective. Thus, relatively few with a primary school education went on to middle school, fewer still to high school; and only a very few attended university. This, seemingly, was a continuation of the tradition of elite education which had marked Korean history.

As it turned out, basic education carried the country quite far--

proving once again the power of literacy. Korea grew rapidly and became quite successful in labor intensive manufacturing such as textiles and shoes based on reaching their goal of 100 percent literacy.

However, when the next stage of development came in the early 1970s--that is, when Korea began to invest in heavy and chemical industries--they found themselves with a human skills bottleneck. The numbers of graduates had been increasing, but not fast enough. So they began to expand the capacity of the schools and push everyone through high school. They also added a few more university positions.

This also turned out to be inadequate for the next stage of development--that is, for a movement into higher technology and knowledge-based industries. In 1981 the government reacted with a drastic policy--a policy, incidentally, would make all my colleagues shudder. The government insisted that the universities triple their incoming enrollments almost overnight. Of course quality was sacrificed. However, higher education was no longer reserved for the elite; it became accessible to the masses.

While many problems were created by this policy--some were reflected in student demonstrations last year--it had a purpose, and it was probably more successful than not. Korea recognized, if somewhat belatedly, that future growth and the future welfare of the people depended on the education of the many, not just the few. Korea expects to reach the status of an industrial country within 10 years or so. And I believe they can make it.

What is the message from these two cases?

- First, education matters to economic growth.
- Second, countries that explicitly tie their development strategies to human resource development have been very successful.
- Third, there is more than one variant of human resource development--and a country can and should find the program that fits its own society.

I believe that these lessons apply equally to the United States. We will have to do a better job of educating our population for our own good. It goes without saying that improvement in basic education is the single most important goal for alleviating poverty in our country. In addition, to remain at the forefront of industrial countries, we must master the new technologies and commercialize them in our factories, something the United States is in an excellent position to do. The newest and most revolutionary scientific advances will be achieved in university laboratories--and UCSD is a leader in this. Furthermore, university laboratories must be linked to commercial firms through the aggressive action of imaginative entrepreneurs--and they must be financed by far-

sighted venture capital firms. The United States, and this community in particular, is blessed by having all of these elements in abundance. If we develop our assets to their potential and utilize them fully and aggressively, we will compete successfully with other countries in this region and share in the prosperity of the new Pacific age.

Commentary

Harold J. Meyerman
President and Chief Executive Officer
First Interstate Bank, Ltd.
Los Angeles, California

I am extremely pleased and honored to be here today at the opening celebration of the Graduate School of International Relations and Pacific Studies. Through its programs this school will help to further the understanding of a region that is vital to the future of our state and our nation. Its graduates will go on to play important roles in education, government, and business. Not only in California but nationally and internationally.

The focus of this new school will also fill a gap that the business community in California, and I personally, have long felt. Specifically, its international management program will help to develop individuals who possess understanding of *both* American business and the Pacific Basin: the most important marketplace of the coming decade.

President Gardner has discussed how the University views the role of the School. I would like to focus my comments on some recent economic and financial developments in the Pacific Basin and what they imply for business in America--and in California. In adopting this focus I realize that I am not doing justice to the breadth of the curriculum at the School. However, as the representative of the business community on this morning's program, I think it is appropriate that I address issues that concern that community.

I will begin by pointing out some significant trends in our international trade with the region. Then I will turn to my own industry, with some brief highlights of the growing importance of our financial relations with Pacific Basin countries. Finally, I will touch on what these trade and financial trends mean to California.

During the past quarter century the countries bordering the Pacific have raised their share of world exports from 16 percent to 24 percent.

In the early part of this period, much of the rise was accounted for by Japan. More recently, however, the region has seen a real explosion of trade activity not confined to just one or two countries. The rising prominence of Korea, Taiwan, Singapore, and Hong Kong--sometimes called the "Four Dragons"--has set an example that many other developing countries are seeking to emulate.

At the same time some of the countries of Latin America that border the Pacific are attempting to integrate themselves into the growing trade activity of the region. I can cite Mexico and Chile as perhaps the two best examples.

The countries of the Pacific region are becoming more and more interdependent. As a result of the greatly increased capacity and the rapid rate of economic development in many of the countries in the region, trading patterns are becoming increasingly diverse. In the past few years trade between Korea and China, between Chile and New Zealand, and between Australia and the Association for South East Asia Nations (ASEAN) have all grown up from almost non-existent levels in earlier decades.

The growing importance of the Pacific Basin in international trade is reflected in the pattern of U.S. trade. In the early 1970s about 16 percent of U.S. foreign trade passed through ports on the Pacific. Since that time this proportion has risen to about one quarter. California ports, of course, account for the most important part of this trade. And it is clear that at least part of the state's more rapid growth, when compared to the rest of the country, is attributable to this shift in trading patterns.

Much public attention has been focused on the rise in U.S. imports from the countries of East Asia. Last year, however, U.S. exports to these countries rose more rapidly than U.S. imports. In fact, if we examine the Four Dragons, exports from the United States to these countries rose a startling 29 percent in 1987. Korea alone surpassed France to become the seventh largest export market for the United States. Exports to the four countries together were equal to about one-third of the total for all exports to Western Europe, which has a population five times as large and a much higher level of per capita income.

Several conclusions can be drawn from these recent trade trends:

- First, the United States is part of the increasing integration of the Pacific economy that I pointed out earlier. Trade flows in both directions are expanding rapidly.
- Second, despite popular opinion to the contrary, American business has made efforts to compete in Asian markets--and is beginning to realize some success. Much still needs to be done, how-

ever, if the U.S. trade deficit with the region is to be reduced.

- Third, although it is easy to criticize the trade policies of a number of the countries in the Pacific region, they have in fact recently provided the most rapidly growing export market for this country. Protectionist moves aimed at reducing imports from these countries can only backfire, harming not only our own consumers but also our most successful exporters.

The second major area I would like to touch on is that of the rising importance of financial markets in the Pacific Basin. In the new environment of global capital markets that has emerged in the 1980s, Tokyo has become one of the three preeminent centers of global finance, together with New York and London. Only a few years ago many people doubted that this would occur, citing the highly regulated nature of Japanese markets as an obstacle to full participation in global markets. Nevertheless, the strength of the Japanese balance of payments and deregulation of Japanese financial markets has brought about a leap in activity in Tokyo.

Simultaneously, Japanese financial institutions have risen to global prominence. Japanese banks now account for one-third of all international banking asset, more than double the amount held by American banks. Usage of the yen in international transactions is rising, although it still does not approach that of the dollar. Nevertheless, it is possible that at some time in the future the international monetary system will be based on more than one currency, with the yen playing a key role.

In the context of the Pacific Basin Japanese finance is now playing a very important role, not only in Latin America, Southeast Asia, China, and Australasia but also in the United States. Japan is now the largest source of foreign capital inflow in this country, financing a significant portion of our current account and budgetary deficits. Integration of the financial markets of the two countries is probably a permanent development.

What does all this mean for California? Clearly California is poised to take advantage of the rising importance of the Pacific Basin in international trade and finance. It is, after all, *part* of the Pacific Basin. More than other regions in the United States, California has historic and ethnic ties to the region. In addition California industry is, on average, based on newer, more competitive technology. It therefore exports a higher percentage of its output than the national average, making the state more oriented toward foreign trade. The state is also the preferred area for investment by a substantial part of the companies in the Pacific region.

The developments I have discussed in trade, finance, and Califor-

nia's economic structure lead to one conclusion: We have got to get ready for a new era in which our business can better compete in the markets of the Pacific Basin.

Education plays a key role in preparing our young people to meet the challenge. I am particularly impressed by the emphasis on language education at this school. But learning language is just the beginning. We need to learn more about the behavior of businesses and consumers in the markets of the Pacific region. We need to be able to meet the needs of our clients in the region, instead of expecting them to buy products designed for the American market.

The Graduate School of International Relations and Pacific Studies will go far toward providing the type of individuals needed by California business-individuals with an understanding not only of business but also of the needs of our most important marketplace.

A final thought: Americans have done a fine job teaching the world about ourselves. We must now do an equally fine job teaching ourselves about the world.

Postscript

Peter Gourevitch, Dean
Graduate School of International
Relations and Pacific Studies

Understanding change requires making distinctions between the familiar and the new. In inaugurating the UCSD Graduate School of International Relations and Pacific Studies, the "new" consists of the rising Pacific region, magnet of power and prosperity. For the first time since the Industrial Revolution of the eighteenth century, and even before that the Renaissance of the fifteenth and sixteenth centuries, the region of East Asia and Latin America have joined the western part of North America as major centers of economic activity and military capacity.

The "old" is the dynamic of change. At earlier moments in world history China and the Middle East dominated world civilization, while Europe was a marginal backwater. The history of rise and decline is one of challenge. Countries acquire skills which permit domination of stagnant neighbors. During the period of domination other countries develop new skills. This leads to challenge. The dominant country has a choice: it must learn the new skill or face decline.

The Pacific region today is certainly a challenge to all of us. To industry it is a source of intense competition. To government it is a challenge to policy and politics. And to universities it is a challenge to the curriculum, to the training in degree programs, to theories and paradigms which govern research. One theme of particular importance to the university is the implication of international change for the training of individuals seeking careers in management, policy analysis, and public service.

A large part of the engine that drives American consciousness of the Pacific region has to do with problems of American economic competitiveness in the region. An important debate has arisen over the

causes of these troubles. Central to this debate are issues of education: are we educating our population properly to deal with the international character of our national future? Are we training managers and leaders with the right skills to understand international affairs and the dynamics of change itself?

In an era of nuclear weapons and vast opportunities for trade, the advantages and the necessity for cooperation are obvious to everyone. But the necessity for competition is also obvious. Trade involves competition within a framework of cooperation. Peace involves the security of both individual strength and collective mechanisms of conflict management.

Survival with freedom and prosperity require certain competencies. Principal among these are a form of internationalism in individual and national spirit--national pride mixed with international understanding. The debate on how to educate our population to produce these skills--through what mechanisms and with what balance--has occurred whenever countries have faced challenge and change. It exists today in the United States and in countries around the world. Understanding the issues and doing something to provide answers must remain central to our individual as well as national agendas.

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